

Message Text

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ACTION EB-08

INFO OCT-01 ARA-10 EA-07 ISO-00 AGRE-00 AID-05 CIAE-00

COME-00 FRB-03 INR-07 NSAE-00 USIA-06 TRSE-00

XMB-02 OPIC-03 SP-02 LAB-04 SIL-01 OMB-01 STR-04

/064 W

-----077038 110503Z /15

R 101545Z AUG 77

FM AMEMBASSY BUENOS AIRES

TO SECSTATE WASHDC 1693

INFO AMEMBASSY BRASILIA

AMEMBASSY SANTIAGO

USLO PEKING

AMCONGEN HONG KONG

LIMITED OFFICIAL USE BUENOS AIRES 5860

PASS USDA/FAS FOR GRAIN & FEED FCA

E.O. 11652: N/A

TAGS: EAGR, AR, BR, CI, CH, HK

SUBJECT: ARGENTINE WHEAT SITUATION

1. THE ARGENTINE WHEAT SITUATION IS GOING FROM BAD TO WORSE. INITIALLY PLANTINGS WERE EXPECTED TO BE REDUCED DUE TO PRODUCER'S DISSATISFACTION WITH PRICES AND STRONGER PRICES FOR SUCH ALTERNATIVES AS LINSEED, SUNFLOWERSEED, SOYBEANS, BARLEY AND CATTLE. HOWEVER, DRY CONDITIONS HAVE CONTINUED IN THE MAJOR WHEAT ZONE IN THE SOUTHWESTERN PORTION OF THE PROVINCE OF BUENOS AIRES AND INTO THE PROVINCE OF LA PAMPA. IN A YEAR OF REDUCED PLANTINGS, THIS AREA, WHERE THERE ARE FEW ALTERNATIVES AVAILABLE TO PRODUCERS, WILL BE EXTREMELY IMPORTANT TO THE FINAL OUTCOME OF THE WHEAT HARVEST. THE TIME REMAINING FOR PLANTING WHEAT IN THIS ZONE IS BECOMING CRITICALLY SHORT. PLUS THERE WILL NOW BE PROBLEMS WITH OBTAINING VARIETIES ADAPT FOR A SHORTEN GROWING CYCLE.

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2. IT IS STILL SOMEWHAT EARLY TO PREDICT THE OUTCOME OF THIS SITUATION. HOWEVER, IT IS PROBABLY TIMELY TO POINT TO THE POSSIBLE ALTERNATIVES. PRIVATELY, THE SECRETARIAT OF AGRICULTURE HAD BEEN ESTIMATING THAT WHEAT PLANTINGS WOULD BE 5.5 MILLION HECTARES BASED ON A SURVEY DONE MORE THAN A MONTH AGO. THE OFFICE OF THE AGRICULTURAL ATTACHE HAD BEEN PREDICTING 5.6 MILLION HECTARES WHICH REPRESENTED A REDUCTION OF SLIGHTLY OVER 20 PERCENT FROM LAST

YEAR AND WAS MORE OR LESS THE CONSENSUS EXISTING IN GRAIN CIRCLES PRIOR TO THE PROLONGATION OF THE LACK OF RAIN. SOURCES WITHIN THE SECRETARIAT ARE NOW PLACING THE POTENTIAL PLANTED AREA CLOSER TO 5 MILLION HECTARES AND ARE PLANNING ANOTHER SURVEY OVER NEXT 10 DAYS. PRIVATE GRAIN CIRCLES FEEL THAT POSSIBLY UP TO ONE MILLION TO 1 1/2 MILLION HECTARES REMAIN TO BE SEEDED AGAINST AN EXPECTED TOTAL OF 5 TO 5.5 MILLION HECTARES. THE OFFICE OF THE AGRICULTURAL ATTACHE WITH A PLANTED AREA OF 5.6 MILLION HECTARES HAS BEEN PREDICTING PRODUCTION IN THE RANGE OF 6.5 TO 8.5 MILLION TONS DEPENDING UPON FINAL YIELDS AND A MID-POINT OF 7.5 MILLION TONS HAD BEEN USED FOR STATISTICAL PURPOSES. THIS PAST SEASON'S CROP WAS THE SECOND HIGHEST ON RECORD AT 11 MILLION TONS. IF THE DRYNESS CONTINUES AND ONLY 4.5 MILLION TO 5 MILLION HECTARES ARE SOWN, THE FINAL LEVEL OF PRODUCTION COULD BE POTENTIAL AS LOW AS 6 MILLION TONS UNDER POOR GROWING CONDITIONS AND ONLY AS HIGH AS 8 MILLION TONS IF CONDITIONS ARE IDEAL FROM HERE ON OUT.

3. ALTHOUGH THE CROP OUTLOOK IS STILL UNCERTAIN, THE CLEAR IMPLICATION IS THAT ARGENTINA WILL BE LESS OF A FACTOR IN WORLD WHEAT TRADE THIS SEASON THAN LAST WHEN THE ARGENTINE PARTICIPATION JUMPED TO 9.2 PERCENT FROM 4.9 PERCENT THE PREVIOUS SEASON AND 3.4 PERCENT TWO YEARS AGO. IF PRODUCTION IS AS LOW AS 6 MILLION TONS, THE EXPORTABLE SURPLUS WOULD BE ONLY 1.5 MILLION TONS WHILE AT 8 MILLION TONS, THE SURPLUS WOULD BE 3.5 MILLION TONS. EXPORTS FROM THE 1976-77 CROP SHOULD BE AROUND 6 MILLION TONS.

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01-Jan-1994 12:00:00 am
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: WHEAT, PRODUCTION
Control Number: n/a
Copy: SINGLE
Sent Date: 10-Aug-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1977BUENOS05860
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Expiration:
Film Number: D770288-1233
Format: TEL
From: BUENOS AIRES
Handling Restrictions: n/a
Image Path:
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Legacy Key: link1977/newtext/t19770878/aaaacodj.tel
Line Count: 94
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: 68d4305d-c288-dd11-92da-001cc4696bcc
Office: ACTION EB
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: n/a
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 15-Nov-2004 12:00:00 am
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 1651673
Secure: OPEN
Status: NATIVE
Subject: ARGENTINE WHEAT SITUATION
TAGS: EAGR, AR, BR, CI, CH, HK
To: STATE
Type: TE
vdkgvwkey: odbc://SAS/SAS.dbo.SAS_Docs/68d4305d-c288-dd11-92da-001cc4696bcc
Review Markings:
Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
22 May 2009
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009